

Press Release

**Office of the Kansas Securities Commissioner
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Hays Man Convicted of Securities Fraud in Ellis County

(Topeka, Kansas) -- Kansas Securities Commissioner Chris Biggs announced today that Hays resident Patrick L. Schmidtberger was convicted in Ellis County District Court yesterday for a violation of the Kansas Securities Act. Schmidtberger, 40, was convicted of one felony count of an unlawful act in connection with the offer, sale or purchase of securities, commonly known as securities fraud.

The conviction resulted from activity by Schmidtberger in which he solicited money from two individuals with the promise that he would invest the money on their behalf. The monies were never invested, but were instead used by Schmidtberger for other expenses. Schmidtberger misrepresented to one victim that he was a licensed stock broker, when he was not, and failed to tell both victims that he had been previously convicted in Ellis County District Court for felony theft by deception and was on probation at the time of the transactions in question.

Schmidtberger faces a sentence of up to 46 months in prison, a fine of up to \$100,000 and restitution of \$20,427.66 to one Hays and one Atwood resident from whom he solicited funds for investments. Also, Schmidtberger will appear in Rawlins County District Court on Friday, February 4, 2005, with regard to a separate count of securities fraud.

In addition to the criminal convictions, Schmidtberger agreed to enter into an administrative order with the Office of the Securities Commissioner in which he will be permanently barred from associating with any broker-dealer or investment adviser in the State of Kansas.

This investigation and prosecution of Schmidtberger was done with the assistance and cooperation of Thomas Drees and the Office of the Ellis County Attorney. Sentencing is scheduled for April 4, 2005.

The Office of the Kansas Securities Commissioner is charged with administration and enforcement of the Kansas Securities Act under Chapter 17 of the Kansas Statutes. The Office investigates and prosecutes securities fraud, the offer or sale of unregistered securities and the offer or sale of securities by unlicensed stockbrokers or investment advisers. For more information and investor education resources, visit <http://www.securities.state.ks.us>.